

5 JOINT ESTIMATION OF BIDDERS' RISK ATTITUDES
AND PRIVATE INFORMATION

ABSTRACT OF THE DISCLOSURE

- 10 A method and apparatus for determining private information and risk
attitudes of bidders at auctions. By varying auction formats, the underlying
risk attitudes and joint distribution of bidders' private information is extracted.
Bids submitted in utility-independent auctions are used to determine the
bidders private information. Risk attitudes for bidders are determined using
15 utility-dependent auctions and using the determined bidders' private
information. When there is insufficient auction data for determining private
information and risk attitudes, additional auctions are conducted to obtain the
needed auction data. The results can then be used for designing auctions and
for determining bids to be made by buyers.